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UNCLAS COLOMBO 000951

SIPDIS

DEPT FOR L/CID/JNICOL, EB/IFD/OIA/ATBRYAN, COMMERCE FOR
ITA:ABENAISSA

E.O. 12958: N/A

TAGS: [EINV](#) [EFIN](#) [PGOV](#) [KIDE](#) [CASC](#) [CE](#) [OPIC](#) [ECONOMICS](#)

SUBJECT: SRI LANKA: REPORT ON INVESTMENT DISPUTES AND
EXPROPRIATION CLAIMS

REF: STATE 78697

Format follows instructions in reftel:

(A) Claimant A

(B) 1999

(C) Claimant A has an 18% stake in a private Sri Lankan telecommunications company. Most problems experienced by the company have been resolved: Court cases brought by and against the GSL have been dropped. Equipment held in Customs has been cleared for release (though it is now so obsolete, the company will not pay the storage charges to free it). Payments made to block connections have stopped. Post was not contacted for advocacy help during the previous year, and therefore had to request an update for this report.

The problem that remains is the refusal of (49.5% government-owned) Sri Lanka Telecom (SLT) to provide international connections, though directed to by the Telecom Regulator. Claimant A's firm has a license to provide services with these connections, and cannot without them. The firm is therefore losing projected revenues. SLT is treating the other Sri Lankan telecom firms in the same manner. The firm's management says it hopes to work more closely with the newly elected government on projects, and expects to receive the required connections.

Claimant A: International Internet Services, U.S. investors
in Sri Lankan firm, Lanka Internet
LUNSTEAD